

Approved: 2-17-2009

Date

MINUTES OF THE HOUSE GOVERNMENT EFFICIENCY AND FISCAL OVERSIGHT
COMMITTEE

The meeting was called to order by Chairman Jim Morrison at 3:30 p.m. on February 10, 2009, in Room 535-N of the Capitol.

All members were present except:

Representative Brenda Landwehr- excused
Representative Melvin Neufeld- excused
Representative Louis Ruiz- excused
Representative Tom Sloan- excused

Committee staff present:

Renae Jefferies, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Hank Avila, Kansas Legislative Research Department
Mary Galligan, Kansas Legislative Research Department
Gary Deeter, Committee Assistant

Conferees appearing before the committee:

Jim Edwards, Kansas Association of School Boards
Melany Barnes, Technical Assistant to Division Operations Director, USD 259, Wichita Public Schools
Natalie Bright, Coalition for Opportunity
Colin McKenney, President, Cartridge King of Kansas
Ron Pasmore, KETCH (Kansas Elks Training Center for the Handicapped)
Jimmy Wilson, KETCH
Matt Fletcher, Associate Director, InterHab

Others attending:

See attached list.

The Chairman opened the hearing on **HB 2194 - State use law; school districts; exception.**

Staff Daniel Yoza provided a briefing on the bill, saying that the bill amends the state use law (**K.S.A. 2008 Supp. 75-3319**) to allow school districts to purchase supplies outside the state catalogue if, after receiving bids, the items can be purchased for 10% less than the price listed in the catalogue. He noted that school districts can apply for an exemption waiver under certain conditions.

Jim Edwards, Kansas Association of School Boards, testified as a proponent of the bill (**Attachment 1**). He introduced Chris Howe, Director of Purchases, Kansas Department of Administration, who responded to members' questions. Mr. Howe replied that vendors listed in the state catalogue must be located in Kansas and employees must be residents of Kansas. Catalogue items include such things as trash bags, trash liners, pens, pencils, toner cartridges, and air filters.

CONTINUATION SHEET

Minutes of the House Government Efficiency And Fiscal Oversight Committee at 3:30 p.m. on February 10, 2009, in Room 535-N of the Capitol.

Melany Barnes, Technical Assistant to Division Operations Director, USD 259, Wichita Public Schools, spoke as a proponent, saying that she had attended most of the State Use Committee meetings and had worked with district budgets; she noted that some catalogue items are much higher than what can be obtained from other vendors, citing the cost differential on a three-ring binder that would save one middle school \$5016 per year ([Attachment 2](#)). She said the 10% threshold was reasonable. She commented that district teachers are allowed to use P cards for smaller purchases. Mr. Howe responded to a question about waivers, saying that his office had received only 2 requests for waivers in the last two years. He stated that, since the statute is ambiguous regarding waivers, the State Use Committee has established a process for granting waivers based on one of three categories: by product, by vendor, by catalogue. He replied that, because the Committee has not been able to reach agreement on a policy, waiver requests are decided on a case-by-case basis. He observed that the statute is clear; if a catalogue vendor sells a product, the school district is obligated to buy it. Responding to further questions, Mr. Howe said the Committee evaluates catalogue prices every year, a process that includes market-price comparisons.

Natalie Bright, Coalition for Opportunity, testified as an opponent of the bill ([Attachment 3](#)). She noted that the federal set-aside concept was established in 1953 and that Kansas was one of the first states to implement the concept. She stated that over 400 Kansans with disabilities are presently receiving wages, are more independent, and are not a drain on public funds; the bill, if passed, would erode this program. She noted that the State Use Committee voted down the bill, and a sub-committee is currently working on competitive pricing issues. She referenced the Kansas State Use Law Report for 2008 ([Attachment 4](#)) and the number of school districts who have ordered supplies through the catalogue ([Attachment 5](#)). She replied to a question that occasionally a local office supply store will allow products to pass through to catalogue vendors.

Colin McKenney, President, Cartridge King of Kansas, spoke in opposition to the bill ([Attachment 6](#)). He said that often legislation is based on efficiency and cost savings rather than helping individuals to become more productive. He commented on the value received by the state by helping individuals become more independent and self-sufficient, and he noted that, in spite of the state use law, only one in five school districts presently orders from the state catalogue. He commented that if all school districts were involved, the economies of scale would enable vendors to reduce prices. He explained the value of remanufactured ink cartridges compared with the less reliable reloaded cartridges, and he commented on the workmanship and longevity of the company's products. He replied that the company employs 34 individuals.

Jimmy Wilson, an employee of KETCH (Kansas Elks Training Center for the Handicapped), related how much he had learned from his employment and how much he enjoyed his job ([Attachment 7](#)).

Ron Pasmore, KETCH, speaking as an opponent of the bill, said KETCH provides comprehensive rehabilitation services for 300 individuals with developmental disabilities ([Attachment 8](#)). He explained that employees receive between \$7.50 and \$8.50 per hour for their work and that the agency provides quality products that meet the needs of customers ([Attachment 9](#)). He noted that, without the state use law, the agency could not compete with outside vendors, and he explained that the agency's turnover rate is high because clients are constantly leaving to be employed in the community. He compared the agency's air filters

CONTINUATION SHEET

Minutes of the House Government Efficiency And Fiscal Oversight Committee at 3:30 p.m. on February 10, 2009, in Room 535-N of the Capitol.

with those purchased at a local store. Answering questions, he said during a normal year the agency will break even on sales, although the past year has resulted in a net loss. He stated that he opposes the bill because it will lower sales and provide less work for clients.

Matt Fletcher, Associate Director, InterHab, provided information in opposition to the bill (Attachment 10). Noting that he is chairman of the State Use Committee, he said that state agencies and Regents universities use the catalogue more than do school districts. He stated that the Committee is developing a process for pricing and for waivers that will ultimately result in better service for school districts, a result that will make the proposed legislation unnecessary. He explained that the new waiver process falls into three categories: a waiver based on price, a waiver based on use of a single vendor, and a waiver by a preponderance of purchases. Observing that a pricing matrix is being developed by the University of Kansas and will be available in the fall 2009, he said that currently prices are reviewed three times: by the vendor, by the Director of Purchases, and by the State Use Committee.

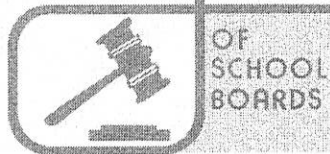
Mick Smith, an employee of Cartridge King, spoke eloquently about how the company had not only provided him a job, but had enabled him to build character, self-esteem, and to take pride in his work.

The hearing on **HB 2194** was closed.

A motion was made, seconded, and passed to approve the minutes for February 3 and February 9. (Motion by Representative Gatewood, seconded by Representative Vickrey).

The meeting was adjourned at 5:23 p.m. The next meeting is scheduled for February 12, 2009.

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS

1420 SW Arrowhead Road • Topeka, Kansas 66604-4024
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Testimony before the
House Committee on Government Efficiency and Fiscal Oversight
by

Jim Edwards, Asst. Executive Director – Board Development
Kansas Association of School Boards

February 10, 2009

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to testify as a proponent for **HB 2194**.

KASB has worked closely with other advocacy groups over the past several years to help make changes to the State Use Law statute by which vendors and customers, in our case, school districts communicate and work to improve the process. We feel that these changes have been beneficial to all parties.

Today, you have a measure which would allow the market to assist in the purchasing of products using price as a major factor. Simply put, if a school district finds a certain product, through a bid process that is at least 10 percent less expensive than the comparable product in the State Use Law catalog, then the district would not be required to purchase the product from the State Use Law vendor. While KASB believes that this would make sense at any time, we especially believe that school districts that will be facing budgetary restraints should be given the latitude to buy efficiently.

Thank you for your consideration and I would be happy to answer questions that you might have.

A Hochstadt
GEFO 2-10-09



Operations Division
Darren Muci, Division Director
316-973-2048; FAX: 973-2200
e-mail: dmuci@usd259.net

School Service Center Complex
3850 N. Hydraulic
Wichita, Kansas 67219
www.usd259.com/offices/operations

Testimony before the
House Committee on Government Efficiency and Fiscal Oversight
By

Melany Barnes, Technical Assistant, Operations Division
Wichita Public Schools, USD 259

February 10, 2009

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to testify as a proponent for **HB 2194**.

I assist Darren Muci, Director, Operations Division. Darren is a member of the State Use Committee, representing school districts, along with Doug Schwinn, Finance Director, Spring Hill, USD 230 and they both support this change and have proposed it numerous times to the State Use Committee.

As school districts prepare for the budget cuts proposed, we find every avenue to cut expenses, as far away from the classroom as possible. I have attached a memo as an example, outlining one purchase that a Wichita middle school is making. They have researched a price savings of over \$5,106.00 on a single State Use item.

USD 259 spends hundreds of thousands of dollars on trash CAN LINERS alone each year with Envision and PREVIOUSLY BID THEM BEFORE FINALLY AGREEING TO BUY A SPECIALLY DEVELOPED PRODUCT. But smaller districts EITHER SOLICIT BIDS FOR THEIR OWN, OR utilize contracts like Greenbush to capture that quantity pricing. It would benefit large and small Districts to have a 10% threshold for State Use items, regardless whether the items are of a quantity large enough to require a bid or not. I can assure you that the \$5,016.00 saved by our middle school would go a long way in a school office supply budget. It does not take long to find savings equal to the cost of a classroom teacher salary if we are allowed to pursue the savings.

Thank you for this opportunity to testify in support of HB 2194 and I would be happy to answer questions you may have.

Attachment 2 1
GEFO 2-10-09

Brian Rosell, CPPB, Purchasing Agent
Purchasing Department
316-973-4785
316-973-4788 fax

Alvin E Morris Administrative Center
201 North Water # 617
Wichita, Kansas 67202
e-mail: brosell@usd259.net

To: Darren Muci, Melany Barnes
From: Brian Rosell
Date: January 21, 2009
Re: State Use Binders

Darren,

This is a summary of a pricing issue with Ketch over a larger order of ring binders. Nancy Abrahamsen from PVMS needs to order 2,508 black ring binders, 3 inch size. She called Purchasing several days ago for advice on vendors and Bill Brown told her to contact Ketch.

Ketch gave a best price of \$4.63 per binder. When Nancy told Ketch that she has a vendor quote that is a LOT less than that, Ketch told her (paraphrased) that we must use Ketch regardless of price.

This was offensive to Nancy, who was working very hard to find good prices and stay in her budget. She provided to me a written quote from "Bulk Office Supply dot Com" that has the same specs for 3" binders, but at a price of \$2.63 each. I called this vendor to verify the brand, distribution, freight terms, etc for this quote. This vendor has also provided a W-9, and is willing to work with a purchase order. This vendor deals with bulk orders as a specialty, and they are not equipped to handle daily or small orders or the full line of products. Even so, I thanked Nancy for her diligence in seeking quotes and for finding an amazing quote. Without this low quote, Ketch would appear to be in line with other sources.

The Ketch price for this quantity would require an ADDITIONAL expense of \$5,016.00 for the same specs. That price difference is far greater than a significant variance, and could not help meet the needs of PVMS.

Vendor	brand	quantity	price each	extended
BOS.com	Sparco	2,508	\$2.63	\$ 6,596.04
Single Source	Avery	2,508	\$4.03	\$10,107.24
Ketch	made @ Ketch	2,508	\$4.63	\$11,612.04
Office Depot	Office Depot	2,508	\$5.39	\$13,518.12
Office Depot	Wilson Jones	2,508	\$7.19	\$18,032.52

Coalition for Opportunity

Testimony on HB 2194
Kansas State Use Law
Natalie Bright
February 10, 2009

I am Natalie Bright and I am appearing on behalf of the Coalition for Opportunity, which is comprised of organizations that participate as vendors in the Kansas SUL program. Currently, our Coalition membership is as follows:

- Business Technology Career Opportunities (BTCO), subsidiary of Center Industries, Inc. www.btcoinc.com
- Cartridge King of Kansas, subsidiary of MCDS of Kansas, www.cartridgekingks.com
- Envision, www.envisionus.com
- Goodwill Industries Easter Seals of Kansas, Inc., goodwillkansas.easterseals.com
- Kansas Elks Training Center for the Handicapped (KETCH), www.KETCH.org
- OCCK Inc., www.occk.com
- Training and Evaluation Center for Hutchison (TECH), www.techinc.org

Thank you for the opportunity to appear before you on HB 2914, which proposes to amend the Kansas State Use Law (SUL) by adding an additional exemption waiver for USD's. I encourage you to learn more about each of these companies, their missions and the organizations they are affiliated with by going to their websites listed above. You might also like to view a streaming video about the SUL program, which may be viewed at <http://www.vimeo.com/875522>. I am here today to help you better understand the public policy behind the Kansas SUL program as well as provide information about the impact it has on the blind and disabled population of Kansas and the Kansas economy.

Since 1953, Kansas public policy has been that state government agencies, state universities and USD's will purchase products manufactured by blind and disabled Kansas citizens so that employment opportunities that otherwise may not exist for these individuals will be created. This public policy is set out in K.S.A. 75-3317 *et seq.* The premise behind the SUL is that it allows entities who receive state funding to leverage their buying power and create markets that would not otherwise exist for the disabled community, thus serving as a cost-effective way to help people with disabilities achieve greater independence.

As a result of the Kansas SUL program, the members of the Coalition are able to provide employment opportunities for many disabled Kansans. Currently, Coalition members:

- Employee over 400 blind and disabled as a result of their participation in the SUL program
- Pay range from \$6.55 to \$12.00 per hour

Attachment 3
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- Offer such additional benefits such as paid leave, health care, dental care, retirement funds, and transportation.

Despite the many benefits provided by SUL programs, creating employment opportunities for people with disabilities is difficult and not the responsibility of any one person or entity. If private and public partners can work together, the benefits received are great. For instance, there is a substantial savings to the state and federal government when blind and disabled citizens are employed. A person who is eligible for Social Security due to their disability, but who chooses to work and is making \$10 an hour is estimated to have a reduction in subsidies of nearly \$8,000 annually. If that same citizen chooses employer health insurance, the subsidy savings increases to approximately \$23,000 annually. Rather than receiving entitlements from the state and federal governments, SUL employees are able to earn a living, provide useful services and products, and contribute to the Kansas economy by paying taxes and making purchase with their own income.

Despite the positive benefits of employing people with disabilities, nationally, it is estimated 70% of the disabled population remain unemployed and I would surmise that number is similar to the Kansas disabled population. Why you ask? Simply because the blind and disabled population lack opportunities to work and passage of HB 2194 will only further erode the opportunities that do exist. Instead of further limiting the participation of USD's in the SUL program, the Kansas Legislature should instead seek ways to incentivize more participation in the program. I can assure you the SUL vendors would gladly employ more disabled Kansans if there was more work available.

It is my understanding that HB 2194 has been introduced as a means to address complaints by USD's that the SUL prices are not competitive. For each complaint you may hear from some purchasers about quality and price of products in the catalogue, SUL vendors will bring evidence to the contrary. More often the SUL products prices are competitive with those found in the private market and if they are not, SUL vendors have openly agreed to volume discounts for any required purchaser. It should be noted that the SUL Committee was established in 2005 to serve as a venue for communication between all interested parties so facts can be sorted and compromises reached. The waiver proposal set out in HB 2194 was considered and rejected by the SUL Committee. You will receive testimony from SUL Committee members that will outline the progress of the committee has made in the area of pricing.

In closing, I would note that it is commonly accepted that *both* educating and employing the disabled population requires additional resources in *both* time and money, which are the very reasons set-aside programs are created and remain the primary mechanism for creating employment opportunities for blind and disabled Kansans. On behalf of the seven companies the Coalition for Opportunity represents, I ask that you oppose further erosion of the SUL program and oppose the advancement of HB 2194.

Gary,

I represent the Coalition for Opportunity, which is a group of SUL vendors. Following is a list of conferees for tomorrow's hearing on HB 2194. They would like to be listed as opponents. The conferee list for the hearing on HB 2194 is as follows:

1. Natalie Bright, Coalition for Opportunity (waiting for some data so I will send it as soon as possible)
2. Matt Fletcher, Chair, Kansas SUL Committee (testimony attached)
3. Ron Pasmore, KETCH, SUL Vendor (testimony attached)
4. Jimmy Wilson, Employee of KETCH (testimony attached)
5. Colin McKenney, Cartridge King, SUL Vendor (testimony attached)
6. Mick Smith, Cartridge King
7. Linda Merrill, Envision (written) (pending)

I have also attached the following documents for the committee to review:

- Report titled 2007-2008 SUL Report Executive Summary which reflects the total purchase made from SUL Vendors (NOTE: SUL vendors are required to prepare this report annually via statute)
- Report titled FY 08 USD Totals which reflects total FY 08 purchases made USD's
- KETCH Prevailing Wages Posting for 2008, which sets out the pay rates for KETCH SUL Employees

Finally, in addition to the above testimony and documents, I would also like to make sure the committee will have a chance to review the SUL Streaming Video, which may be found at: <http://www.vimeo.com/875522>. This video provides a very good background on the Kansas SUL. If it is possible for the video to be shown during the hearing I think it would be very informative for the committee.

Best regards,

Natalie S. Bright
Bright and Carpenter Consulting, Inc.
815 S.W. Topeka Blvd., Ste. 2C
Topeka, KS 66612

Office: 785.783.7111
Cell: 316.640.1422

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KANSAS STATE USE LAW USAGE REPORT July 2007 to June 2008

Since the 1950's, Kansas public policy has been that state agencies, state universities and Unified School District's (USD's) purchase products manufactured by blind and disabled Kansas citizens as a means for creating employment opportunities for these Kansans that otherwise may not exist. This public policy is set out in K.S.A. 75-3317 *et seq.* and is known as the Kansas State Use Law (SUL).

In 2004, several Kansas SUL Vendors (those who employ blind and disabled Kansans) joined together to form the Coalition for Opportunity (Coalition). Members of the Coalition committed themselves to updating and improving the existing SUL program for both vendors and required purchasers. In 2005, the Coalition successfully lobbied the Kansas Legislature to update the law as well as create a SUL oversight committee comprised of legislators, purchasers, vendors and a consumer representative. Since updating the law, the SUL program has seen a steady growth in the volume of sales as well as improvements in the relationships between required state purchasers and SUL vendors.

During this reporting period, the number of active SUL vendors remained at ten with the addition of Goodwill Industries and the loss of Disability Supports. Collectively, the SUL vendors employed over 400 blind and disabled Kansans, many who were afforded their first opportunity to earn a competitive wage, obtain access to health benefits and sustain viable employment because of the opportunities created by the SUL program. In addition, even more blind and disabled persons are helped by the dollars reinvested in the missions of the SUL not-for-profit employers. Without the Kansas SUL program and the accommodated work environments established by the SUL vendors, very few employment opportunities would exist for these blind and disabled Kansan citizens.

Part of the reform measures passed during the 2005 Legislative Session, requires that the SUL vendors prepare an annual report that summarizes the volume of sales for each SUL product or service sold as well as a summary of waivers requested and issued. In addition, the report highlights the activity of the SUL Committee as well as vendors efforts to grow the program. Below is the report submitted on behalf of the 2007-2008 SUL Vendors.

2007-2008 SUL Program Highlights

- ✓ SUL Committee has met four times during the reporting period. Respective sub-committees met as well.
- ✓ SUL Committee established set criteria for qualified vendors to enter the program. SUL Committee approved Goodwill Easter Seals of Kansas who will be providing safety products such vests and glasses.
- ✓ SUL Committee held strategic planning sessions or retreats to discuss waivers and collectively came up with a compromise language setting out guidelines for the substantial purchase waived authorized during the 2005 reform efforts.
- ✓ SUL Committee established a time-line for the production of the SUL Catalog. This has simplified the process for both the Director of Purchases and the SUL vendors. In addition to the printed catalog, SUL vendors have also established an electronic catalog and a website where purchasers may locate and purchase products electronically. The website can be accessed at www.ksstateuse.org.
- ✓ SUL vendors, with the assistance of the Director of Purchases, continued to sell their products through the state contract with Corporate Express. This arrangement has made the SUL program more accessible for all state purchasers and has streamlined the purchasing of SUL products for many required purchasers.
- ✓ SUL Committee set boundaries for volume pricing and agreed to publicize their willingness to negotiate prices with purchases willing to purchase in volume.

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- ✓ SUL Committee, with the assistance of Barry Swanson and KU students, are undertaking a price study of SUL products. The goal of the effort is to see if SUL pricing is competitive with the open market.
- ✓ SUL vendors completed production of their streaming video project on the SUL program and distributed it to various sources including state legislators and USD 259 (Wichita) who has disbursed it district wide.
- ✓ SUL vendors held a one day vendor show at the Kansas State House where legislators, state purchasers and USD representatives were able to visit with SUL vendors regarding their products and programs they offer and the participants who benefit from their efforts.
- ✓ Overall, SUL sales decreased by 4% or almost \$300,000. USD's, however, continued efforts to increase their purchases in FY 08 and did so by approximately 5%.
- ✓ Overall waiver requests from the Department of the Administration have been reduced dramatically since the last SUL Usage report.

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PARTICIPATING SUL VENDORS, PRODUCTS AND SERVICES

Business Technology Career Opportunities (BTCO)

Mission: An imaging and technology solutions company, providing superior customer services through a fully integrated workforce that promotes technical careers for people of all abilities. ***SUL service provided is document imaging.***

Cartridge King

Mission: To provides services to individuals with disabilities by promoting community inclusion, and employment opportunities with the maximum level of independence and dignity. ***SUL product sold is new and remanufactured toner cartridges.***

Center Industries Corporation

Mission: Manufacturing entity which provides dignified employment opportunities for individuals with disabilities as members of a fully integrated work force. ***SUL products include hang tags, decals and inventory decals.***

Envision

Mission: To enhance the personal independence of individuals whose blindness or low vision, often accompanied by other disabilities that impacts their opportunities for employment, success, and integration into community life. ***SUL products sold include can liners, seal closure bags, merchandising bags wiping towels, pens, office supplies and printing services.***

Goodwill Industries

Mission: Providing employment opportunities, vocational training and rehabilitation services to individuals with disabilities. ***SUL products sold include General Purpose Safety Vests and Professional Series Safety Vests (ANSI/ISO).***

KETCH

Mission: To promote independence to persons with disabilities through innovative learning experiences that support individuals' choices for working, living and playing in their community. ***SUL products include binders, air filters and safety products.***

POCK

Mission: To promote and contribute to the success of their customers with a community, to exercise and/or influence leadership in the creation of quality communities and to ensure our financial success so that our customers can be successful. **SUL products and services include promotional buttons and custodial services.**

TECH

Mission: To integrate individuals with disabilities into society in the least restrictive manner by providing services in pre-school, residential and vocational development with supportive services. **SUL products include stamps and engraved signs.**

Tri-Valley Developmental Services

Mission: Tri-Valley Developmental Services is committed to the ideal that people have a right to be active within their community. Our mission is to offer a wide range of choices, meeting individual needs, and providing opportunities for persons with disabilities to maximize their potential enabling them to achieve the quality of community life they seek. **SUL service includes secure document destruction.**

UNLIMITED OPTIONS

Mission: Providing quality services to people with developmental disabilities. **SUL services include janitorial.**

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SUMMARY OF SUL SALES

2007 STATE USE RESULTS FOR STATE USE LAW VENDORS

CORPORATE EXPRESS	FY 07 TOTAL SALES	FY 08 TOTAL CATALOG SALES BY ENTITY	FY 08 TOTAL SALES BY ENTITY
State Agencies	\$360,821	\$ 948,241.91	\$1,117,386.58
State Agencies Universities	\$358,246		
State Agencies Corrections	\$22,118		
State Agencies Hospitals	\$171,952		
USD's	\$4,637	\$ 1,014.20	\$ 1,150.65
TOTAL CORPORATE EXPRESS:	\$917,774	\$949,256.11	\$1,118,537.23

STATE AGENCIES	FY 07 TOTAL SALES	FY 08 TOTAL CATALOG SALES BY ENTITY	FY 08 TOTAL SALES BY ENTITY
BTCO	\$15,789	\$20,883.39	\$20,883.39
CARTRIDGE KING	\$1,283,376	\$921,123.27	\$1,332,145.38
CENTER INDUSTRIES CORPORATION	\$29,889	\$0	\$0
ENVISION	\$305,316	\$190,666.16	\$211,543.31
WODWILL	N/A	\$25,983.70	\$25,983.70

KETCH	\$161,725	\$142,903.30	\$142,903.30
OCK	\$166,338	\$0	\$166,760.02
TECH	\$36,598	\$64,843.04	\$70,298.95
TRI-VALLEY	\$3,568	N/A	N/A
UNLIMITED OPTIONS	\$196,872	N/A	N/A
TOTAL FOR AGENCIES:	\$2,199,471	\$1,366,402.86	\$1,970,518.50

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STATE HOSPITALS	FY 07 TOTAL SALES	FY 08 TOTAL CATALOG SALES	
		BY ENTITY	FY 08 TOTAL SALES BY ENTITY
BTCO	\$0	\$0	\$0
CARTRIDGE KING	\$117,431	\$89,273.85	\$109,901.33
CENTER INDUSTRIES CORPORATION	\$0	\$0	\$0
ENVISION	\$177,009	\$113,746.46	\$119,009.60
GOODWILL		\$0	\$0
KETCH	\$33,008	\$37,733.05	\$37,733.05
OCK	\$0	\$0	\$0
TECH	\$1,981	\$0	\$0
TRI-VALLEY	\$0	N/A	N/A
UNLIMITED OPTIONS	N/A	N/A	N/A
TOTAL FOR STATE HOSPITALS:	\$329,429	\$240,753.36	\$266,643.98

CORRECTIONS	FY 07 TOTAL SALES	FY 08 TOTAL CATALOG SALES	
		BY ENTITY	FY 08 TOTAL SALES BY ENTITY
BTCO	\$0	\$0	\$0
CARTRIDGE KING	\$141,045	\$111,096.22	\$137,981.77
CENTER INDUSTRIES CORPORATION	\$0	\$0	\$0
ENVISION	\$345,800	\$233,722.25	\$234,695.52
GOODWILL		\$0	\$0
KETCH	\$36,649	\$37,270.80	\$37,270.80
OCK	\$0	\$0	\$0
TECH	\$2,978	\$0	\$0
TRI-VALLEY	\$0	N/A	N/A
UNLIMITED OPTIONS	N/A	N/A	N/A
TOTAL FOR CORRECTIONS:	\$526,472	\$382,089.27	\$409,948.09

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UNIVERSITIES	FY 07 TOTAL SALES	FY 08 TOTAL CATALOG SALES BY ENTITY	FY 08 TOTAL SALES BY ENTITY
BTCO	\$0	\$0	\$0
CARTRIDGE KING	\$1,693,433	\$1,232,891.78	\$1,719,056.06
CENTER INDUSTRIES CORPORATION	\$19,661	\$0	\$0
ENVISION	\$540,349	\$283,534.23	\$370,594.64
GOODWILL	N/A	\$0	\$0
KETCH	\$276,044	\$304,689.69	\$304,689.69
OCCK	\$50	\$0	\$0
TECH	\$27,260	\$0	\$0
TRI-VALLEY	\$412	N/A	N/A
UNLIMITED OPTIONS	N/A	N/A	N/A
TOTAL FOR UNIVERSITIES:	\$2,557,209	\$1,821,115.70	\$2,394,340.39

USD's	FY 07 TOTAL SALES	FY 08 TOTAL CATALOG SALES BY ENTITY	FY 08 TOTAL SALES BY ENTITY
BTCO	\$18,619	\$22,923.42	\$22,923.42
CARTRIDGE KING	\$574,822	\$554,473.29	\$701,720.64
CENTER INDUSTRIES CORPORATION	\$7,856	\$0	\$0
ENVISION	\$608,405	\$261,879.61	\$503,947.20
GOODWILL	N/A	\$198.30	\$198.30
KETCH	\$118,726	\$173,322.98	\$173,322.98
OCCK	\$495	\$0	\$224.18
TECH	\$10,344	\$7,060.62	\$10,804.07
TRI-VALLEY	\$327	N/A	N/A
UNLIMITED OPTIONS	N/A	N/A	N/A
TOTAL FOR USD'S:	\$1,339,594	\$1,019,858.22	\$1,413,140.79

GRAND TOTAL with CORPORATE EXPRESS	\$7,869,949	\$5,779,475.52	\$7,573,128.98
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WAIVERS

Current Kansas SUL allows waivers to be issued to required purchaser whenever a qualified vendor is unable to supply products or services needed or is unable to meet delivery requirements on any order or requisition. The SUL mandates that a written request for a waiver must be forwarded to the Director of Purchases by the state agency or USD and if the Director of Purchases approves the requested waiver, the state agency or USD is exempted from the SUL purchasing requirements for the specific order, request or requisition. At this time, USD's are not subject to auditing and therefore are not submitting waiver requests to the Director of Purchasing.

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The 2005 Legislature authorized an additional waiver that allows a USD that has purchased or has entered into contracts for purchase of a substantial amount of a SUL product or products from qualified SUL vendors during a USD fiscal year, to petition the Director of Purchases for a waiver. Such waiver may be granted to a USD from any further compliance with the SUL for the remainder of the USD'S fiscal year if the Director of Purchases, with the recommendation and approval of the SUL committee, finds that purchases have been made or contracts for purchase have been entered into for a substantial amount of such product or products from qualified vendors during the USD's fiscal year. In determining whether a USD has purchased or has entered into substantial amount of SUL products, the Director of Purchases and the SUL committee shall consider the overall need for such product or products by USD.

Below is a summary of waiver activity for period of July 2007 to June 2008. This information has been provided by the Director of Purchases.

**REPORTS OF STATE USE CATALOG WAIVERS – FY 08
Per KSA 75-3322(a)**

KSA 75-3322. (a) Whenever the qualified vendors are unable to supply the products or services needed or are unable to meet delivery requirements on any order or requisition, a written waiver shall immediately be forwarded to the director of purchases by the state agency procurement officer or purchasing officer of the unified school district. If approved by the director of purchases, such waiver shall relieve and exempt the state or unified school district purchasing authority from the mandatory provisions of K.S.A. 75-3317 to 75-3322, inclusive, and amendments thereto, in the case of the specific order, request or requisition.

AGENCY	DATE	VENDOR	DESCRIPTION	QUANTITY	TRANSACTION	REASON FOR REQUEST
Kansas State University	Sept	Staples	5 inch binders with durable quality	15	464.85	1 time request due to fast turn around needed
University of Kansas Health and Environment	Sept	The Home Depot 2211	black plastic sheeting		13.47	Emergency and Immediate Need
Education	Nov	Corporate Express	purchase of sharpies	Open Ended	200.00	envision markers are not permanent
Winfield Corr Fac	Dec	Westside Stamp & Awards Inc	purchase of engraving of state board nameplate	1	8.50	Unanticipated board meeting
Administration, Disc	Jan	Galaxie Business Equipment	4 year self inking data stamp	5	71.45	Purchase while on purchasing staff on vacation
Kansas State University	Jan	Corporate Express	sharpie brand markers		250.00	State use permanent marker smear off
	Feb	Staples	purchase of heavy duty binder avery		21.27	Unfamiliar with State Use Catalog

Racing & Gaming	Mar	Zona's Engraved Creations	name plates and holders		100.00	Unfamiliar with State Use Catalog
Univ. of KS Medical Center	April	Weldon Williams & Lick Inc	parking decal stickers		1,300.00	Quality issues with Center Industries Product ordered in the past
Administration, DISC	April	Corporate Express	sharpie brand markers		200.00	State use permanent markers found not to be permanent
Revenue	May	Corporate Express	purchase of toner drum	1	113.14	Could not find part in state use catalog
Health and Environment	June	Corporate Express	uni ball gel 207 pens		18.14	Purchased from corporate express in error / consumed before error discovered
Kansas State University	June	Corporate Express	sharpie brand markers		500.00	Skillcraft impression markers smear smudge when writing on glass
Kansas State University	June	Coprorate Express	sharpie brand markers		1,000.00	Approval to purchase sharpie brand due to better performance
Veterans Affairs	June	Office Works	fax toner	1	<u>27.79</u>	Colby field office ran out of fax tonner
TOTAL WAIVER AMT:						\$4,288.61

At this time, USD's are not subject to auditing and therefore are not submitting waiver requests to the Director of Purchases. The remaining information is contained in spreadsheets detailing individual sales for those qualified SUL vendor that had sales during the 2008 fiscal year. The information has been compiled by the respective vendors and if additional information is desired, please contact:

Mr. Chris Howe, CPPO, CPPB, Director
Kansas Division of Purchases
900 SW Jackson, Room 102N
Topeka KS 66612-1286
Telephone: 785-296-2374
Facsimile: 785-296-7240
E-mail Address: chris.howe@da.ks.gov

USD	BTCO	CARTRIDGE		GOODWILL	KETCH
		KING	ENVISION		
USD 103 Cheylin			\$308.45		\$279.36
USD 105 Rawlins Cnty		\$6,647.39	\$445.00		\$79.32
USD 106			\$71.64		\$201.00
USD 107			\$97.08		\$412.80
USD 108 Washinton			\$24.48		
USD 206 Remington		\$560.74	\$1,513.45		\$762.68
USD 208 WaKeeney		\$368.60			
USD 211 Norton Community			\$3,919.22		\$137.76
USD 212 Northern Valle School			\$707.20		
USD 214 Ulysses		\$897.12	\$1,311.70		
USD 216 Deerfield			\$65.44		
USD 217 Rolla			\$2,408.46		
USD 220 Ashland		\$187.59	\$153.24		\$188.52
USD 223 Barnes			\$860.90		
USD 229 Blue Valley		\$33,770.57	\$933.20		
USD 230 Spring Hill		\$4,946.31	\$4,933.00		
USD 232 De Soto		\$1,567.12			
USD 233 Olathe					
USD 234					\$2,278.32
USD 235 Uniontown			\$488.84		\$483.80
USD 242 Weskan			\$930.64		\$120.24
USD 243 Lebo-Waverly			\$80.14		
USD 244					
USD 247					
USD 248					
USD 250 Pittsburg		\$23,198.04	\$10,290.80		\$2,768.57
USD 251 North Lyon					
USD 252 Southern Lyon County					
USD 253 Emporia		\$14,282.86	\$19,432.96		\$17,175.42
USD 254 Barber County North		\$4,640.22	\$997.44		\$1,673.98
USD 255 Kiowa		\$375.25	\$227.46		
USD 257 Iola			\$108.12		
USD 259 Wichita	\$22,923.42	\$107,999.86	\$174,702.32		\$2,061.90
USD 260 Derby		\$9,429.79	\$14,226.55		\$11,864.33
USD 261 Haysville		\$42,918.81	\$2,530.24		
USD 263 Mulvane		\$418.47			
USD 264 Clearwater			\$512.52		
USD 265 Goddard Public Schools		\$377.10	\$17,043.94		\$661.12
USD 266 Maize		\$322.50	\$16,400.10		\$4,383.12
USD 267 Colwich		\$1,975.41			
USD 269 Palco			\$705.34		
USD 270 Plainville Public Sch		\$3,060.57	\$1,900.80		
USD 271 Stockton			\$480.60		
USD 272 Waconda		\$395.10			
USD 273					
USD 274 Oakley			\$29.52		\$227.79
USD 278 Mankato					
USD 287 West Franklin					
USD 288					\$610.20
USD 290 Ottawa					

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USD 291 Grinnell		\$301.81	\$185.05		
USD 292					\$137.76
USD 293 Quinter		\$1,805.82	\$760.40		\$288.66
USD 294 Oberlin			\$170.70		
USD 297 Community Schools		\$57.00			
USD 299 Sylvan			\$397.38		
USD 300 Comanche County		\$98.32			
USD 303 Ness City			\$21.36		
USD 305 Salina			\$23,263.68		
USD 306 Southeast of Saline			\$161.27		
USD 308 Hutchinson		\$28,581.82	\$1,128.11		\$2,665.79
USD 309 Nickerson					
USD 311 Pretty Prairie			\$1,011.63		\$2,533.80
USD 312 Haven					
USD 313 Buhler		\$140.23			
USD 314 Brewster		\$348.68			
USD 315 Colby			\$446.26		\$295.26
USD 320 Wamego					
USD 322 Onaga Havenville			\$960.80		
USD 323 Rock Creek			\$219.54		
USD 324 Eastern Heights			\$33.36		
USD 327 Ellsworth-Kanopolis			\$1,081.44		\$332.88
USD 329 Mill Creek Valley					
USD 331-Kingman Norwich			\$68.28		\$918.00
USD 333 Concordia		\$3,535.99	\$290.31		\$2,192.94
USD 335 Jackson Heights		\$8,072.73			
USD 336 Holton Schools		\$14,166.35	\$908.72		\$165.84
USD 337					\$60.48
USD 338					\$123.12
USD 339					\$790.71
USD 340		\$213.43	\$104.43		\$1,454.64
USD 341 Oskaloosa Schools		\$82.80			\$1,200.84
USD 342 McLouth					
USD 345 Seaman		\$6,394.68			
USD 347 Kinsley-Offerle			\$1,069.10		
USD 348 Baldwin City					\$159.60
USD 349 Stafford			\$839.70		
USD 350 St. John-Hudson		\$302.89	\$80.14		
USD 351 Macksville			\$961.92		
USD 352 Goodland		\$4,244.59	\$3,015.24		\$1,911.43
USD 353 Wellington					
USD 354 Claflin			\$439.08		
USD 355					\$768.48
USD 356 Conway Springs		\$148.40	\$13.65		\$122.22
USD 357 Belle Plaine			\$963.51		
USD 358 Oxford					
USD 359 Argonia		\$1,797.46			\$1,680.36
USD 361 Anthony/Harper			\$4,205.90		
USD 363 Holcomb					\$1,911.60
USD 365 Garnett					
USD 367					\$2,136.30
USD 368 Paola			\$2,676.12		

USD 373					\$8,784.52
USD 375 Circle			\$84.18		
USD 377 Atchison Co Schools	\$2,413.15	\$82.08			
USD 379 Clay County		\$2,021.15			
USD 380 Vermillion		\$2,894.48			
USD 381 Spearville					
USD 382 Pratt School District	\$1,093.10				\$1,077.60
USD 383 Manhattan-Ogden	\$30,208.24	\$235.77			\$2,675.15
USD 385 Andover	\$2,901.27				
USD 388		\$873.31			\$87.36
USD 392					\$596.40
USD 393 Solomon		\$748.75			
USD 394 Rosehill Schools	\$9,608.12	\$4,036.04			\$10,193.99
USD 395 La Crosse					
USD 396 Douglass		\$3,492.90			\$205.92
USD 397 Centre Elementary	\$2,799.65	\$270.82			
USD 398 Peabody-Burns		\$179.94			
USD 399 Paradise/Natoma		\$27.84			
USD 400 Smoky Valley	\$1,913.70				\$349.00
USD 401 Chase/Raymond		\$312.52			
USD 405 Lyons		\$74.25			
USD 407 Russell		\$118.50			\$557.04
USD 408 Marion/Florence		\$679.12			
USD 409					\$169.75
USD 410 Hillsboro					
USD 411 Goessel					
USD 413 Chanute					
USD 415 Brown County	\$4,207.28				
USD 416 Louisburg					
USD 417 Morris County		\$1,318.88			
USD 418 McPherson	\$8,089.52	\$162.80			
USD 419 Canton/Galva S					
USD 420					\$392.64
USD 423 Moundridge		\$279.97			
USD 428 Great Bend	\$21,223.86	\$3,510.58			\$2,323.44
USD 429 Troy		\$350.04			
USD 431 Hoisington		\$132.24			
USD 432					\$27.72
USD 435 Abilene		\$30.00			
USD 437 Auburn-Washburn		\$375.60			
USD 439 Sedgwick	\$3,355.76				\$347.97
USD 440 Halstead	\$7,259.67	\$2,471.77			
USD 441 Sabetha	\$2,281.65	\$1,183.49			\$514.56
USD 442 Nemaha Valley Schools	\$1,545.06	\$352.96			\$497.76
USD 443 Dodge City		\$1,081.35			
USD 444 Little River		\$2,328.03			
USD 446 Independence	\$4,126.29				
USD 447 Cherryvale					
USD 448 Inman	\$2,831.80				
USD 450 Shawnee Heights					
USD 451 Baileyville	\$3,851.45	\$54.05			\$84.54
USD 452 Stanton County		\$1,308.80			\$1,492.20

USD 454 Burlingame			\$255.11		
USD 456 Marais Des Cygnes Valley					
USD 457 Garden City			\$9,924.30		\$16,559.46
USD 460 Hesston			\$19.68		\$575.68
USD 461					\$963.96
USD 462 Central/Burden					
USD 465 Winfield			\$894.00		\$9,018.41
USD 469 Lansing			\$3,644.70		
USD 470 Arkansas City			\$178.31		\$3,491.44
USD 473 Chapman					
USD 475 Geary		\$30,221.49	\$22,712.51		\$14,867.39
USD 479 Crest Unified School		\$2,721.17	\$1,018.88		\$163.32
USD 482 Flinthills Dighton					
USD 483 Kismet-Plains					
USD 484 Fredonia		\$4,509.87			
USD 486 Elwood			\$218.50		
USD 487 Herington					
USD 488 Axtell		\$2,634.96	\$82.92		\$243.49
USD 489 Hays			\$3,435.20		
USD 490 El Dorado		\$11,697.64	\$133.68		\$1,508.30
USD 492 Flinthills					
USD 494 Syracuse					\$183.96
USD 495 Fort Larned			\$1,326.05		
USD 496 Pawnee Heights		\$605.16	\$270.13		
USD 497 Lawrence Service Cntr		\$46,838.85			
USD 500 Kansas City, KS		\$103,785.27	\$21,468.54		\$12,111.97
USD 501 Topeka Pub. Schools		\$35,264.24	\$18,363.07		\$8,818.40
USD 503 Parsons			\$345.42		\$1,870.92
USD 504 Oswego		\$3,926.42			
USD 506 Labette County		\$9,568.58			
USD 509 South Haven					
USD 511 Attica			\$1,034.85		
USD 512 Shawnee Mission		\$11,605.00	\$62,890.99		\$6,409.68
USD 610			\$60.10		
ANW Coop					
4 H Buttons					
Hays Area Children's Center					
Learning Coop. of NC KS			\$154.70		
Reno County Education Coop.					
Marion County Special Education			\$9.84		
SE KS Education SVC CTR.					
SC KS Special Education			\$115.64		
USD TOTALS:	\$22,923.42	\$701,720.64	\$503,947.20	\$0.00	\$175,384.88

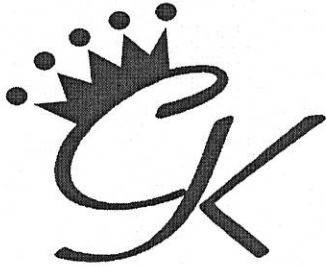
		FY 2008	FY 2007
OCCK	TECH	USD TOTALS	USD TOTALS
		\$587.81	
		\$7,171.71	\$10,286.00
		\$272.64	\$346.00
		\$509.88	
		\$24.48	\$47.00
		\$2,836.87	\$2,928.00
		\$368.60	\$69.00
		\$4,056.98	\$139.00
		\$707.20	\$1,600.00
		\$2,208.82	\$679.00
		\$65.44	\$24.00
		\$2,408.46	\$3,599.00
		\$529.35	\$1,426.00
		\$860.90	\$2,463.00
		\$34,703.77	\$22,920.00
		\$9,879.31	\$13,218.00
		\$1,567.12	\$1,383.00
			\$3,815.00
		\$2,278.32	\$1,630.00
		\$972.64	\$1,111.00
		\$1,050.88	\$275.00
		\$80.14	
			\$856.00
			\$47.00
			\$3,576.00
		\$36,257.41	\$24,989.00
			\$270.00
	\$398.45	\$398.45	\$58.00
		\$50,891.24	\$39,245.00
		\$7,311.64	\$2,224.00
		\$602.71	\$790.00
		\$108.12	\$425.00
		\$307,687.50	\$243,329.00
	\$642.14	\$36,162.81	\$47,966.00
		\$45,449.05	\$19,436.00
		\$418.47	\$2,941.00
		\$512.52	
		\$18,082.16	\$658.00
		\$21,105.72	\$52,830.00
		\$1,975.41	\$1,476.00
		\$705.34	\$1,411.00
		\$4,961.37	\$1,866.00
		\$480.60	\$687.00
		\$395.10	\$710.00
\$65.34		\$65.34	\$180.00
		\$257.31	\$596.00
			\$122.00
			\$3,571.00
		\$610.20	
	\$12.65	\$12.65	\$103.00

		\$486.86	\$741.00
		\$137.76	
		\$2,854.88	\$3,062.00
		\$170.70	\$303.00
		\$57.00	
		\$397.38	\$180.00
		\$98.32	
		\$21.36	\$24.00
\$158.84		\$23,422.52	\$35,865.00
		\$161.27	\$168.00
	\$2,062.75	\$34,438.47	\$39,579.00
			\$807.00
		\$3,545.43	\$140.00
	\$16.80	\$16.80	\$94.00
		\$140.23	\$550.00
		\$348.68	\$525.00
	\$39.80	\$781.32	\$965.00
			\$36.00
		\$960.80	\$1,430.00
		\$219.54	
		\$33.36	
		\$1,414.32	\$1,508.00
			\$1,508.00
		\$986.28	\$359.00
		\$6,019.24	\$12,283.00
		\$8,072.73	\$598.00
		\$15,240.91	\$5,840.00
		\$60.48	
		\$123.12	\$219.00
		\$790.71	\$221.00
		\$1,772.50	\$1,097.00
		\$1,283.64	\$563.00
			\$74.00
		\$6,394.68	\$3,519.00
		\$1,069.10	\$1,906.00
		\$159.60	
		\$839.70	
		\$383.03	\$1,169.00
		\$961.92	\$1,970.00
		\$9,171.26	\$4,650.00
			\$40.00
		\$439.08	\$554.00
		\$768.48	
		\$284.27	\$164.00
		\$963.51	
			\$179.00
	\$395.26	\$3,873.08	\$1,241.00
		\$4,205.90	\$6,752.00
		\$1,911.60	\$599.00
			\$67.00
		\$2,136.30	\$1,014.00
	\$132.00	\$2,808.12	\$2,597.00

		\$8,784.52	\$4,436.00
		\$84.18	\$271.00
		\$2,495.23	\$513.00
		\$2,021.15	
		\$2,894.48	\$2,633.00
	\$18.75	\$18.75	
		\$2,170.70	
	\$35.40	\$33,154.56	\$45,303.00
		\$2,901.27	\$1,845.00
		\$960.67	\$1,022.00
		\$596.40	
		\$748.75	\$1,499.00
	\$3,532.20	\$27,370.35	\$7,387.00
			\$170.00
		\$3,698.82	\$6,919.00
		\$3,070.47	\$1,715.00
		\$179.94	\$180.00
		\$27.84	\$984.00
		\$2,262.70	
		\$312.52	\$650.00
		\$74.25	\$39.00
		\$675.54	
		\$679.12	\$5,352.00
		\$169.75	
			\$482.00
			\$12.00
			\$134.00
	\$160.60	\$4,367.88	\$5,224.00
			\$1,229.00
		\$1,318.88	\$712.00
		\$8,252.32	\$442.00
			\$1,197.00
		\$392.64	
		\$279.97	\$65.00
		\$27,057.88	\$26,433.00
		\$350.04	\$384.00
	\$113.75	\$245.99	\$850.00
		\$27.72	\$126.00
	\$82.50	\$112.50	\$1,645.00
	\$120.50	\$496.10	
		\$3,703.73	\$962.00
		\$9,731.44	\$798.00
	\$35.60	\$4,015.30	\$9,783.00
		\$2,395.78	\$1,930.00
		\$1,081.35	\$2,951.00
		\$2,328.03	\$1,112.00
		\$4,126.29	\$360.00
			-\$127.00
		\$2,831.80	\$898.00
			\$678.00
		\$3,990.04	\$1,541.00
		\$2,801.00	\$6,742.00

		\$255.11	\$797.00
			\$157.00
		\$26,483.76	
		\$595.36	\$1,569.00
		\$963.96	
			\$8.00
		\$9,912.41	\$5,813.00
		\$3,644.70	\$2,731.00
		\$3,669.75	\$2,607.00
			\$113.00
	\$720.60	\$68,521.99	\$63,282.00
		\$3,903.37	\$1,924.00
			\$73.00
			\$942.00
		\$4,509.87	\$1,886.00
		\$218.50	
		\$2,961.37	\$1,538.00
		\$3,435.20	\$8,244.00
		\$13,339.62	\$7,348.00
	\$49.65	\$49.65	
		\$183.96	\$333.00
		\$1,326.05	\$96.00
		\$875.29	\$1,487.00
		\$46,838.85	\$7,854.00
	\$945.40	\$138,311.18	\$102,947.00
		\$62,445.71	\$69,717.00
		\$2,216.34	\$17,625.00
		\$3,926.42	\$2,215.00
		\$9,568.58	\$7,918.00
			\$395.00
		\$1,034.85	\$1,776.00
	\$1,114.15	\$82,019.82	\$126,327.00
		\$60.10	\$83.00
			\$151.00
			\$104.00
	\$54.02	\$54.02	
	\$56.10	\$210.80	\$367.00
	\$65.00	\$65.00	
		\$9.84	\$46.00
			\$24.00
		\$115.64	
\$224.18	\$10,804.07	\$1,415,004.39	\$1,239,458.00

USD



Cartridge King of Kansas

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Corporate Office: 2109 Industrial Drive*McPherson, KS 67460
Phone: 620-241-7746

www.cartridgekingks.com

Good afternoon Chairman Morrison and members of the Committee. My name is Colin McKenney, and I am president of Cartridge King of Kansas, which has locations in McPherson, Topeka and Wichita. Cartridge King was started nearly 15 years ago to remanufacture and process toner and ink cartridges while placing an emphasis on employing people with disabilities.

Last week I prepared what I thought was compelling testimony in opposition to HB 2194. There are several reasons why I don't think the bill serves Kansans very well, so it wasn't difficult to develop a strong list of talking points. Unfortunately a recent series of events related to how our State views people with disabilities caused me to realize there is a changing environment that created this bill, so I started over.

Part of the realization was that those of us who advocate for people with disabilities are in an endless struggle to defend doing the right thing for those who need help with the most basic aspects of daily living. We spend a good deal of time away from the people who are most important to us in an effort to help those who create budgets, make policy or simply do business in this state understand a little more about people with disabilities and how we can help them experience things in life that most of us take for granted.

Another aspect of my realization was that disability advocates have spent the last decade indicating how far we have come in integrating people with disabilities into communities across the state. We have closed state hospitals and other facilities that are not good options for people with disabilities, and have helped them create new and productive lives in their home communities. That message indicates that we have much to be proud of, but it simply doesn't reflect the entire picture. I don't believe we closed any state hospitals because we were tired of using an antiquated and exclusionary approach to support people with disabilities or mental illness. The biggest incentive in closing institutions was that doing so could save money. It isn't surprising that today's efforts to close institutional beds aren't titled, "Helping People Reach Their Potential." The modern-day program is instead called "Money Follows the Person." Sometimes it seems that all that we do and don't do revolves around our concern for money.

My realization last week may have skewed my perspective a bit, but I think our track record of making good choices for people with disabilities was better 50 years ago when we had far more institutional beds than it is today. More than 55 years ago, the State Use Program in Kansas was born and embraced by our elected leaders as they looked

Attachment 6
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to a future when people with disabilities could do more than spend their days waiting for something to happen in a facility or program. There was a true belief that Kansans with disabilities could be productive and return something to their communities and state if given the opportunity. One mechanism they chose to further that idea was a program that helped build a market for the items that were manufactured or processed by people with disabilities. Yes, this approach could mean that those who purchased the items might not always get the item for the cheapest price. While I don't have notes from the original discussions, I believe it was understood that there was a tradeoff. Sometimes not getting the best price can still mean that you are getting the best deal. Perhaps there are situations where not focusing entirely on the price of a product is absolutely the right choice for this State.

The Kansas Constitution speaks specifically to the role of this state in taking care of its citizens with disabilities: ***Institutions for the benefit of mentally or physically handicapped persons, and such other benevolent institutions as the public good may require, shall be fostered and supported by the state, subject to regulations as may be prescribed by law.***

While our history is rich with evidence that our forefathers knew what we needed to accomplish for people with disabilities, something has changed in recent years. Just as the occurrence of autism has increased many times over, so increased the sentiment that it was suddenly OK to pull back our assistance for our fellow Kansans who were born with challenges the rest of us will never really understand. Members of our own State Use Committee have vocalized the fact that they really aren't concerned about people with disabilities. Their sole focus is reportedly to get the best deal on the few items that are currently available through the Kansas State Use Program. The amount of time spent on the issue and the amount of energy consumed in disputing the merits of the products and programs seems totally illogical when you consider that the difference we are talking about for most covered entities is a few hundred dollars in a budget of millions, or perhaps tens or hundreds of millions. It may appear that cost savings is the driving force behind this bill, but the real issue is that some of those who are expected to follow this long-standing law of our state simply don't want to. It doesn't matter if the cost difference is \$1,000 or ten cents, they simply do not want to have the state that levies the taxes and provides the money for their budgets place expectations on how those dollars are used.

In a strange way I do appreciate the fact that this bill has surfaced and created an opportunity for this hearing today. Those who believe this amendment to the State Use Law is a good idea are at least noting that we HAVE a State Use Law and are taking some action to change that law to something they prefer more. In looking through the list of school districts that actually purchased Cartridge King products last year, it became clear very quickly that most districts pay the law no notice whatsoever. It does not seem appropriate that one role of our school districts is to teach our young people the basic principles of citizenship, law and government, yet many districts simultaneously demonstrate that you should only comply with laws that are convenient, or that mean something to you. The idea behind the State Use Law obviously doesn't mean anything to a school district that can spend nearly \$1 million on artificial turf for the football field, but not one cent to help create a next step for our students with disabilities.

I understand that your day has been a long one, so I will try to bring this issue back to dollars and cents with a few quick thoughts related to the Kansas State Use Program:

- State Use vendors, like most businesses, experience economies of scale. If all covered entities participated in the program, the costs would go down for all. Major purchasing programs and national vendors have the ability to beat prices from State Use vendors in large part because they broker purchases for thousands of entities.
- This program isn't like the deal when the boy or girl next door stops by with the fundraising form to sell you an item you really don't need for three times its value. This program is generally just hoping to provide an item that is useful and of good quality at something better than retail price. Criticism arises when potential buyers decide these prices are not the best possible price, and additional discounts may be possible by buying from a larger, for-profit company.
- The potential to save 10% on a new printer cartridge isn't the most fiscally responsible decision. Those who are really seeking to maximize their resources should try one of our remanufactured cartridges instead of a new one and expect to routinely save 30% to 50%. They will even be doing something good for the environment in the process. A surprising number of our customers, both public and private, simply don't take advantage of this simple cost savings.
- A person with mental retardation or another qualifying developmental disability may attend a day activity program at a cost of more than \$20,000 each year. If we are instead able to employ that person because of work opportunities created by the State Use Program, there may be no direct cost to the state and the individual will support his or her local community with every paycheck.

As my comments today indicate, I really don't like quantifying the lives of people with disabilities who are important to me in terms of dollars. An unfortunate reality is that I can do so when necessary to explain for you how this program does make good fiscal sense for both Kansas and Kansans.

Thank you for providing the opportunity to offer input concerning this bill. I would be happy to try and address any questions you may have on this subject.



Jimmy Wilson started working in the KETCH Work Services department in August 1980. He loves his job and really enjoys working with the other clients and staff at KETCH. Over the years he has learned most of the tasks involved in the manufacturing and packaging of KETCH standard and customer filter products. Jimmy takes exceptional pride in producing high quality filter products for all of our customers here in Kansas. Jimmy has also been an active resident in the KETCH residential program for the past ten years.

Attachment 7
GEFO 2-10-09

To: Government Efficiency and Fiscal Oversight Committee
From: Ron Pasmore, KETCH, Wichita, KS
RE: Testimony on HB 2194
Date: February 10, 2009

Thank you for the opportunity to provide information to you regarding HB 2194. KETCH, (Kansas Elks Training Center for the Handicapped, Inc.) was founded in Wichita, KS 45 years ago by parents who sought to develop community services for their adult children with mental retardation. Today we provide comprehensive rehabilitation serves to approximately 300 persons with developmental disabilities in the areas of day habilitation, vocational training, employment, and residential services.

Our vocational training program provides training and employment for persons with developmental disabilities. It provides basic work skills training while enabling them to earn a paycheck. Our desired outcome is that they become employable in the community. To this end, we manufacture products and provide subcontract labor to several local businesses. The primary products KETCH sales through the "State Use Law" are notebook binders and air filters. The individuals we serve at KETCH assemble these products. Included as an attachment to this testimony is a photo of our filters manufacturing area and Jimmy Wilson making a filter. Jimmy is here to address the committee today. Each person is paid on a piece rate based upon their actual production. It is based on an hourly wage between \$7.50 to \$8.30 per hour, depending upon the job. The wage is determined annually from surveying other businesses with similar jobs in our area. KETCH manufactures all kinds of binders and air filters. Some are very standard items that you could find in any retail store while other items are custom made to the customers' specifications. Binders are often ordered with screen printing, which we can also do at KETCH.

The "State Use Law" is very important to us because it allows us to continue our mission of providing training and employment for our clients. It would be extremely difficult for us to maintain employment for our clients if we were on a head to head competitive basis with regular business and industry. Our costs are higher. We do not purchase raw materials in sufficient volume to purchase at comparable prices. If we were manufacturing these products for maximum profit, we would need to automate many of the production steps that provide work for our clients. Unlike a regular business, we do not control our workforce. We actively work to place our most productive workers into jobs in the community. New workers come to us through our CDDO, ironically many of them are graduates of local school districts' special education programs. I believe our primary disadvantage though is the common perception that many people hold that products produced by persons with disabilities will be of inferior quality.

Attachment 8
GEFO 2-10-09

On the business side, our mission is to provide a quality product at a fair market price that meets the needs of our customers. I bought a couple of filters at Walmart last week so you might compare a filter made by KETCH to ones made by 3M. Air filters are rated by a system called MERV, which stands for "minimum efficiency reporting value." The higher the number, the higher the filtration efficiency and higher price. This KETCH filter has a MERV rating of 7. It is priced at \$3.20 per filter. This price includes shipping. The comparable 3M filter was \$4.58 at Walmart. The 2nd 3M filter I bought has a MERV rating of 11 and sold for \$13.88. As attachments to this testimony are some other price comparisons for a similar filter found on internet. One showing a price of \$3.29, but shipping adds another \$.73. Another showing a price of \$10.57 per filter. We routinely evaluate market prices when setting our prices to make sure that our pricing is competitive. When requesting any price increase, we have shared our market pricing information with the State Use Committee. We offer quantity discounts for our products. Quantity discounts are published in the State Use Catalog for binders.

Quality of the product is very important to us. I would be the first to admit that our filters do not look as nice as the 3M examples I brought today. We do not use printing on our paper trays as this would increase our costs. However, on the main purpose of the filter, the blue filtration media is purchased from the same company that supplies to many other filter manufacturing companies. It filters exactly as it does for those manufacturers. The strength of frame is comparable to these examples, probably even a bit stronger since we use bracing on both sides of the filter. If a customer ever finds one of our filters to be bad, we will gladly replace it or provide a credit for it. We work with our customers who have special requirements and have the capability to produce filters in custom sizes. Included as attachments to this testimony are emails from two of our customers stating their satisfaction with our filters.

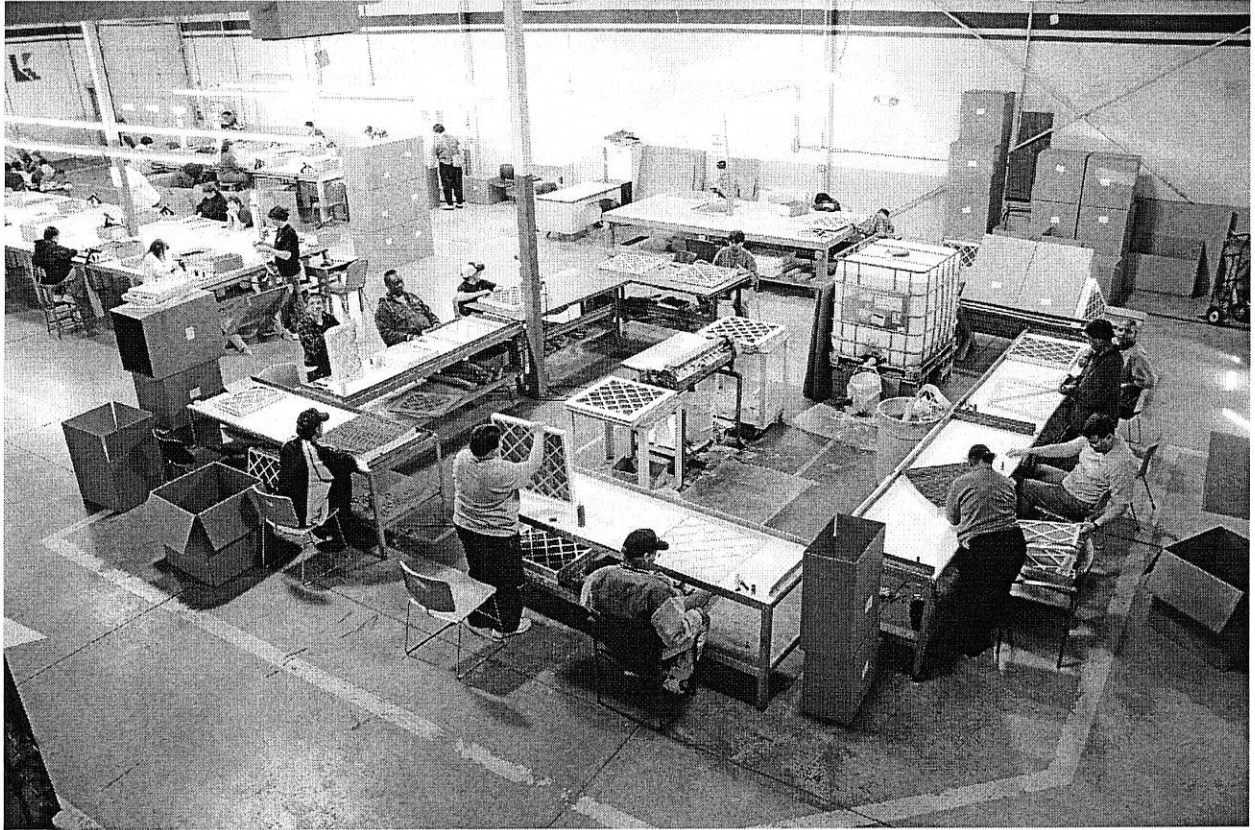
Income from sales of our products is a small part of our total revenue. As of the end of December, sales of binders and filters was 7% of our total revenue. We have seen a decrease in sales this year, as one would expect due to the economy. Binders is at a year to date loss of (\$19,500) on sales of \$117,000 and filters has a loss of (\$28,000) on sales of \$250,000. In good years we usually break even.

I am opposed to HB 2194 because I believe it would lead fewer school districts participating in the State Use program, ultimately resulting in less work for our clients. Since the establishment of the State Use Committee, we have slowly seen an improvement of schools participating in the program. Schools already have the opportunity to opt out of the program if they have made a substantial purchase of state use items. State Use product prices are posted in the catalog. I believe we would be at an unfair disadvantage with other companies knowing that they would only need to price their products 11% less than our published price. For example, an office supply company could lower its price for a binder comparable to ours and make up the difference in pricing of other products they sell. We could not follow a similar strategy since we do not have other office supply products.

The State Use Committee is currently reviewing pricing of State Use products offered by KETCH as well as the other vendors. The University of Kansas is assisting with the project by having its students gather the pricing data. The goal of the committee is to provide an independent comparison of pricing that the State Use Committee can use in determination of fair market pricing for State Use products. I recommend that this process be allowed to continue so that the State Use Committee can effectively fulfill its charge under the law in establishing fair market pricing for these products.

Thank you,

Ron Pasmore

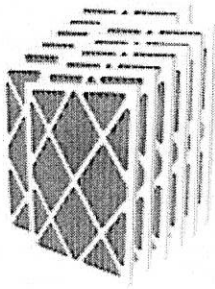




8-5

Air Guard 16" X 20" X 1" DP-40 Max Pleated Filter

(case of 12 Filters)



[click to zoom](#)

Product

Our#: 100466
Mfg: Airguard
Mfg#: 0450101

Availability

In Stock

Product Rating

(3 Ratings)
[Write a Review](#)
[Read 3 Reviews](#)

Price: \$39.50
(\$3.29 ea)
case of 12 Filters

Quantity:

[Add To Cart](#)

[Buy Now](#)

Shipping:

67235

Next Day Air:

\$95.45*

2nd Day Air:

\$33.35*

Standard: 2-7

Business Days:

\$8.79*

Zip:

[Calculate Shipping](#)

* Prices reflect shipping fees for a quantity of (1)

American Filtration

Secure online ordering or
call us at 1.888.844.5820

[Shopping Cart](#) [Privacy](#) [Customer Service](#) [Contact Us](#) [Order Status](#) [Commercial Customers](#)

Order Online!
and receive

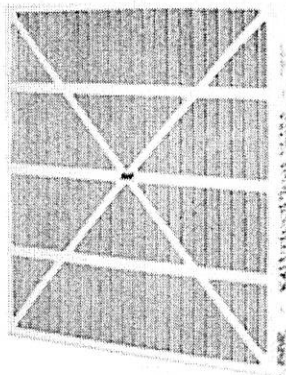
FREE SHIPPING!

on most items

FedEx
Ground

Click on the photo to see a larger picture

PerfectPleat® Ultra



Allergen Reduction Air Filter with Intersept Antibacterial (inhibits the growth of mildew, bacteria, fungi on your filter media.) The Industry's premier extended surface pleated air filter. The PerfectPleat Ultra represents the next generation in pleated panel filters. They are designed specifically to reduce the number of allergens in your home or office to help you breath easier.

Premium Grade Residential/Commercial.

Available in 1", 2" and 4" depths and custom made sizes. 70% efficiency rating. MERV 8. Lasts 90 days.

Minimum Order: 1 case (12 filters on 1" & 2")

depths & 6 filters on 4" depth)
This item normally ships in 5 days.

Select your size from the drop down box below.

16x20x2, ON SALE \$126.88 per case, regularly \$138.00

Select your filter size and case quantity from the drop down boxes and click on "Add To Cart" to purchase.

[Click here for additional information:](#)
[Applications, Performance Summary, Size Charts](#)

of Cases:

From: John Laffen [mailto:John.Laffen@wichita.edu]
Sent: Friday, February 06, 2009 9:57 AM
To: dwilbur@ketch.org
Subject: Value Services

Good Morning, David,

I am writing to thank you for all the service KETCH has provided NIAR and the Walter H. Beech Memorial Wind Tunnel in the past years. I appreciate the ease of ordering and receiving our custom filters, and I appreciate the prices that KETCH offers us.

Keep up the good work and we'll be contacting you soon for our next filter order!

Regards,

John

John W. Laffen
National Institute for Aviation Research
Wichita State University
(316) 978-5481

8-7

KANSAS STATE UNIVERSTITY
DIVISION OF FACILIITES-STOREROOM
129F DYKSTRA HALL
17TH. AND CLAFLIN
LARRY POWELL PURCHASING
MANHATTAN, KS. 66506-0903
785-532-1768
FAX:785-532-6263

DATE: February 06, 2009

David wilbur
KETCH
WICHITA, KS.
316-383-8779

DEAR DAVID:

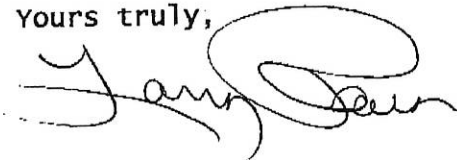
Just a short note to say how much I like your filters that we use here at Kansas State University.

I pleased with the quality of your filters, the delivery time is super. No problems with any of your filters in the past 11 years that I have been here at K State.

The only problem we have ever had was due to damage in shipping, which is not KETCH's fault.

I closing I am 100% pleased with your product.

Yours truly,



Larry Powell

2008 KETCH Prevailing Wage Information

The rates below are based on a survey of local businesses. These rates will be the basis of paying your wages from July 2008 to June 2009. If you have any questions about your pay rate please ask you supervisor. The below wages are used to determine the piece rates and hourly rates.

Assembly - Small parts assembler (simple bench, unskilled)-repetitious Assembly: assembly line (non-automated)

Assembly jobs include air filter assembly, notebook binder assembly, sewing assembly and electrical assembly.

Prevailing Wage rate for 2008 - \$7.15

Packaging - Simple hand packaging. Sorts, fills, labels, wraps, weighs and Inspects.

Packaging jobs include bagging rags, packaging safety glasses and garage sales kits.

Prevailing Wage rate for 2008 - \$7.00

General Labor - Production floor helper - Loads/unloads, opens containers, simple stocking; supplies production workers & machine operators (no inventory control, no machine operation) Salvage laborer (reclaimed) parts or recyclables – collects, segregates, salvages, weights.

General labor jobs include recycling thermocouples, refurbishing plugs, paper shredding, polishing bolts, painting electric company stakes and bottling chemicals.

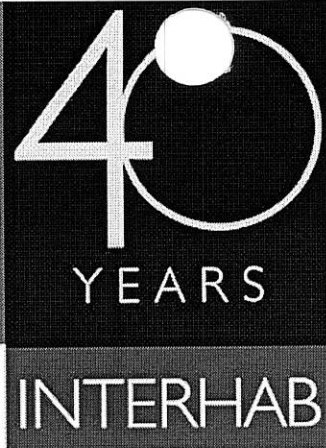
Prevailing Wage rate for 2008 - \$7.83

Office Helper – Unskilled office helper - Folding, collating, inserting, labeling, taping, sorting, sealing

Office helper jobs include mailroom-type jobs and simple clerical jobs.

Prevailing Wage rate for 2008 - \$7.59

*Attachment 9
GEO 2-10-09*



February 10, 2009

TO: Representative Jim Morrison, Chair, and members of the
Government Efficiency and Fiscal Oversight Committee
FR: Matt Fletcher, Associate Director, InterHab and Chair, State Use Committee
RE: HB 2194

WWW.INTERHAB.ORG

Chairman Morrison and members of the Committee, thank you for the opportunity to share some thoughts on the Kansas State Use Program, and the proposal to change the Kansas State Use Law, as contained in HB 2194.

The Kansas State Use Law is one of the oldest such laws in the country. The purpose of our State Use law is to provide an opportunity for thousands of Kansans with disabilities to learn job skills. Disability service organizations that manufacture State Use products use the manufacture of these products to teach job skills to those who want to work, but may never have had the chance. Many of those who learn job skills through State Use manufacturing go on to other types of employment, including competitive employment in the community. For many others, the work they do within the State Use program represents the extent of their ability to participate in work activities.

I have met several Kansans who manufacture State Use products. They are some of the most energetic and enthusiastic individuals that I will ever meet. They love their jobs. They take pride in the work they do. The State Use Program gives them the opportunity to be productive and contribute. I encourage every member of this committee to visit a State Use worksite and see the life-changing activity that occurs each day.

State Use work opportunities are a vital part of the spectrum of services provided by Kansas disability service providers. However, the provision of these supervised work opportunities requires a great deal of staffing, training, and teaching. They are not, and never will be, comparable to the manufacturing factories of large corporations that churn out millions of products every day.

That is why, with all due respect, HB 2194 is wrong.

It is important to note that, prior to 2005, regardless of being required to do so by Kansas State Statute, relatively few purchases were made by school districts. State agencies and regents universities, also part of the State Use Law, had long ago successfully transitioned to purchasing State Use products.

The law was amended in 2005 to create a committee process whereby customers and vendors of the State Use Program could hammer out their differences. The Committee has assisted the State's Director of Purchases in improving the system for customers and for vendors, but most importantly, for the purpose of ensuring growth in this vital system of work training for persons with disabilities.

The law's amendment in 2005 also included language allowing only school districts a special waiver from purchasing State Use products on the basis of 'substantial use'. Neither State agencies nor regents universities are allowed such a waiver.

*Attachment 10
GEFO 2-10-09*

Additionally, school districts are exempt from being required to purchase any services offered by vendors of the State Use Program.

However, HB 2194 contains yet another special exemption for school districts – entities which already have both exemptions from purchasing services, and a special ‘substantial use’ purchase exemption within the law.

In February 2008, after years of often heated deliberation, the State Use Committee settled on a process to review ‘Substantial Use’ waivers submitted by school districts. The Committee created not one, but three different substantial use categories that a school could submit a waiver request under. They are:

- *Substantial Use of a specific product category*
- *Substantial Use of a single vendor’s approved state use product offerings*
- *Substantial Use of approved state use product offerings within the State Use Program as a whole*

Since putting this process in place, the Committee has reviewed a substantial use waiver from only one school district. The Committee reviewed submitted materials and approved the school district’s waiver request.

Pricing of State Use Products:

Determination of competitive pricing of State Use products is reviewed at **three different levels**. In preparing product submissions for the State Use catalog, vendors conduct their own research on pricing. They have a motivation to do so, as all product submissions are then reviewed by the Director of Purchases to determine the competitiveness of their pricing. The State Use Committee also reviews all submitted products and pricing, asks questions and makes recommendations to the Director of Purchases. Once the Director of Purchases determines that submitted prices are within an acceptable margin of competitiveness, the products are placed in the State Use catalog. The Director of Purchases has asked vendors to make adjustments before products are placed in the catalog.

The Committee is working to improve this process even further, and is developing a “pricing matrix” which will provide specific price data that will be used to ensure prices are within a range of competitiveness. We anticipate having this pricing matrix ready in time for the next review of State Use product pricing in the fall.

Keeping Focus:

It is vitally important to remember the purpose of the State Use law. The point of the program is to provide work training opportunities for persons with significant disabilities. The reality is that providers who support persons with disabilities and offer these types of work training programs aren’t going to be able to compete with cheap foreign imports. Changing the law in order to allow schools to pit Kansans with disabilities against the lowest rock-bottom price available will not serve the statute’s intent of providing work opportunities to those in our communities who are most disadvantaged.

In passing HB 2194, you will remove job opportunities from Kansans who want to work. And, you’ll provide yet another special exemption for those who, until the past few years, didn’t even follow this law in a significant manner.

I ask that you give the State Use Committee more time to continue refining the program. We’ve made great progress in bring customers and vendors together. I am confident we can continue to improve the State Use program.

I urge that you **not** support HB 2194